

PRIORITY
 (Security Classification)
FOREIGN SERVICE DESPATCH

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 460.509/8-1651 *R*

FROM : EXCOM, Paris

TO : THE DEPARTMENT OF STATE, WASHINGTON

REF : Embtel 571, Aug 3

9 For Dept.	ACTION E*	DEPT. REP DCR EUR* GER* OLI*
Use Only	REC'D	OTHER
tk	AUG 20	COMM* ECA* TR 25875

SUBJECT: CoCom Budget

There are attached hereto 12 copies of CoCom Document No. 455, which is the report of the Coordinating Committee to the Consultative Group on the subject of the budgetary expenses of CoCom.

As the Department is aware, the informal status of CoCom has resulted in a relatively informal arrangement on the budgetary expenses incurred by the Secretariat. Currently the salaries and expenses of the Secretariat are not met from a central fund to which each Participating Country contributes but personnel services, and supplies are contributed in kind by some PCs. In addition, some countries have undertaken to make cash contributions totalling 140,000 francs per month for the purpose of rental of quarters for the Secretariat, but since no disbursements have become necessary some countries have not as yet made their contributions. The current monthly contributions in cash and in kind by the various Participating Countries are broken down in the following manner:

U.S.	217,341 francs in the form of salary of 4 bi-lingual clerks plus approximately 50,000 francs in the form of supplies which are contributed from Embassy stocks.
U.K.	275,000 francs in the form of salary and allowances of the Executive Secretary who is a member of the U.K. Foreign Service.
Germany	200,000 francs in the form of salary of a statistician who is a German national.
France	Approximately 150,000 francs in the form of interpreters for meetings, plus meeting rooms.
Italy	150,000 francs in the form of salary and allowances of the CoCom Chairman who is in the Italian Foreign Service plus premises for the Secretariat including telephone, heat, electricity, etc., estimated at 75,000 francs per month.

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FOREIGN SERVICE DESPATCH

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FROM : Continuation Sheet to 444
DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON, D.C. 16, 1951
DATE

REF : SECRET

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Netherlands, Canada, and Belgium	35,000 francs cash each.
Norway and Denmark	17,500 francs cash each.
Portugal	Nothing

This totals, exclusive of the Italian contribution in the form of pre-mises, approximately 1,200,000 francs per month of which there is a potential fund of 140,000 francs in cash.

As was reported in Embtel 751 of Aug 3, the Consultative Group approved a budgetary increase of approximately 350,000 francs a month in order to increase the personnel and the amount available for payment of rent in the event premises are found. Consideration was given in a special subcommittee on the budget to the problem of the administration of this expanded budget. The first alternative appeared to be to have all contributions made in cash and have all expenses of personnel, services, and supplies paid from a central fund. This method proved to be unsatisfactory for the following reasons:

1. The French Government indicated an inability to make cash contributions to the committee unless the committee were formed pursuant to a formal convention signed by all Governments.
2. In view of the different wage scales in effect in the services of the various participating countries, drastic revisions of salaries would be necessary with the resultant increase for some personnel and decreases for others. The obvious result of this would be that all clerical personnel would have to be rehired and paid by the Secretariat as an entity on some agreed scale for international employees.
3. The above would also result in the necessity of the Chairman and the Executive Secretary readjusting their positions vis-à-vis their own Governments.
4. Some formal distribution of the budgetary burdens would have to be determined and it was not seen how the proportionate burdens in

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FROM : Continuation Sheet to

444

DESP. NO.

TO : THE DEPARTMENT OF STATE, WASHINGTON

August 16, 1951

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effect in NATO, OEEC, or CG/CoCom could be merged to a workable proportion without considerable discussion and negotiation.

It was therefore concluded that the most appropriate manner of handling the increased budget was a continuance of the present scheme whereby the increased contributions would be spread among all the PCs. A suggested breakdown of a new distribution is as follows:

U.S. Continue paying for the present staff of 4 bilingual clerks and increase the local employee complement and allotment of the Embassy to provide for the hiring of 2 additional clerks and one typist called for in the attached document.
.....Maximum total 400,000 francs

U.K. Continue paying salary of the Executive Secretary plus 25,000 francs cash.
.....Total of 300,000 francs.

Germany Continue paying salary of the Statistician plus 25,000 francs cash.
.....Total 225,000 francs.

France Continue supplying interpreters and also hire the proposed messenger plus a guard for the Secretariat premises when found.
.....Total approximately 225,000 francs.

Italy Continue salary of the Chairman plus 25,000 cash in lieu of premises now being supplied by Italy.
.....Total 175,000 francs.

Belgium)
Netherlands) Raise their contribution to 50,000 francs cash.
Canada)

Norway) Raise their contribution to 25,000 francs cash.
Denmark)

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Portugal 25,000 francs cash.

The above breakdown would result in a budget of approximately 1,550,000 francs which would enable the payment of 12 personnel, plus interpreters and would leave a cash fund of 300,000 francs a month out of which rent, services, and supplies could be met.

It is felt that, when this subject is again discussed in CoCom, the U.S. offer to hire the additional clerical personnel would be justified in light of the relatively low U.S. contribution to date, in light of the predominate U.S. interest and influence in the Committee, and because of a feeling on the part of several delegates that the present need for increased personnel is the direct result of the new U.S. proposals. It is felt that, should the U.S. be willing to undertake this additional expense the increases suggested above for the other PCs would probably be met willingly. It should be noted that the French contribution would be in the form of added personnel rather than cash, in order to circumvent the difficulties previously mentioned.

In the event premises are found and it becomes necessary to make a substantial cash payment either for "key money" or for extensive repairs, it would presumably be possible for the PCs to pay in their past committed contributions together with several future months contributions on the new scale.

ACTION REQUESTED:

The Department's reaction to the above budgetary distribution is requested.

1 Enclosure: *att*

CoCom Doc 455 (12 copies)

Frank D. Taylor
Frank D. Taylor
Attache

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COORDINATING COMMITTEE
REPORT TO THE CONSULTATIVE GROUP
ON THE SECRETARIAT

In accordance with the Consultative Group's instructions (C.G. Paper IV, paragraph E.I.(c)) the Coordinating Committee examined the question of the Secretariat in the light of the Group's agreement that the work of the Committee should be rendered as efficient as possible.

2. The present position of contributions in cash and kind to the Secretariat is the following:

Belgium	:	35,000 francs monthly.
Canada	:	35,000 francs monthly.
Denmark	:	17,500 francs monthly.
France	:	Interpreters for meetings when needed; Conference Room.
Germany	:	A qualified statistician.
Italy	:	Chairman of the Coordinating Committee; Premises for the Secretariat (including electricity, water etc. ...)
Luxembourg	:	-
Netherlands	:	35,000 francs monthly
Norway	:	17,500 francs monthly
Portugal	:	-
United Kingdom	:	Executive Assistant
United States	:	Four clerks whose salaries amount to about 200,000 francs a month; Furniture of the Secretariat, including four typewriters and one mimeograph machine; Stationery (about 50,000 francs monthly).

This amounts in very general terms to 1,200,000 francs per month. Roughly 100,000 francs has been allowed for rent, which is not at present being spent. It is not certain that this sum would be sufficient in the event of the Committee's finding suitable premises, and there are indeed difficulties in finding premises on a suitable basis at all.

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